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INVESTMENT PROGRAM FOR THE POLISH CHEMICAL INDUSTRY IN TROUBLE



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INVESTMENT PROGRAM FOR THE POLISH CHEMICAL INDUSTRY
IN TROUBLE

The investment program for the Polish chemical industry is being substantially revised and probably reduced somewhat in scope, according to recent reports from Warsaw. The two most significant changes are postponement of the construction of a large petrochemical complex at Plock for an unspecified period and "concentration" on the building of petrochemical facilities at Blachownia. The decision to defer the Plock project appears to have resulted, in part at least, from problems encountered in planning and executing the project, including refusal of the US government to permit American firms to export certain types of petrochemical technology to Poland. In general, the Poles seem to be shelving projects for which design documentation is not complete. 1/ Construction, however, apparently is to continue on the petroleum refinery at Plock, which is to process crude oil to be obtained by pipeline from the USSR and which is to supply raw materials for petrochemical production.

Other reported revisions in the Polish 5-year plan for investment in the chemical industry include postponement of a projected viscose (rayon) plant until 1966 or 1967. 2/ Specific information is not available as yet on the fate of other major investment projects for the chemical industry, but at least one, a plant to produce cellulose from beechwood for the manufacture of rayon, also may have been shelved. Moreover, a large tire plant at Olsztyn appears to be well behind the original schedule because of difficulties in designing the plant. The Poles withdrew from negotiations to buy technical data from a US firm and said that they would design the plant themselves when the firm failed to obtain an export license from the US Department of Commerce by its 1 January 1962 deadline. 3/

Postponement of the petrochemical portion of the 11-billion-zloty refinery and petrochemical project at Plock evidently was under consideration as early as January 1962. 4/ The reason indicated at that time was a shortage of investment funds available for the chemical industry and doubts about the value of the project. There is evidence, however, that the proposed complex, composed of some five plants for producing a wide range of chemicals and chemical products, was already in jeopardy for other reasons. As of November 1961 the organizational structure of the large complex was said to be unresolved, Poland having

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failed to obtain help from the USSR with this problem. The alleged reason for the lack of Soviet aid is that the USSR organizes its petroleum refineries and petrochemical plants as separate enterprises and therefore cannot provide the aid needed by a combined refinery and petrochemical complex. 5/ Moreover, arrangements for obtaining much of the required technology and equipment evidently are still not complete. The Poles have tried for several years to buy technology for this complex from US firms, but the US government has been restricting the export of petrochemical technology to Poland as well as to other countries of the Bloc. In May 1960 the Poles indicated that in several instances acceptable substitutes were not available elsewhere in the Free World or in the USSR. 6/ As of February 1962, technical designs for the ethylene unit were unsettled, and the US Embassy in Warsaw was again approached about the possibility of obtaining US petrochemical technology for Plock. 7/

Construction of the refinery at Plock is already under-way. Arrangements have been made to obtain equipment for the Plock refinery from the USSR, Rumania, and Italy as well as some technical data from the US. Moreover, in June 1962, a contract was negotiated with an Austrian firm to supply a shipment of valves for the refinery. Construction of the refinery is reported to be behind schedule, but at least 12 oil storage tanks have been completed, and the refinery is to begin operating as an oil storage center in 1962. 8/

The petrochemical project at Blachownia, however, may be speeded up and perhaps expanded. British firms contracted in April 1961 to build a polyethylene plastic plant at this site and a Czechoslovak-built unit for obtaining the needed ethylene by steam pyrolysis of (natural) gasoline is now being installed. Expansion of the project beyond the original plan is suggested by the report that when the refinery at Plock is completed, certain petroleum fractions will be shipped to Blachownia for petrochemical production. Thus the Poles evidently are pushing ahead in the petrochemical field where possible.

The reported postponement of a rayon project until 1966 or 1967 no doubt refers to the proposed rayon plant at Brzezine near Wloclawek. This plant was to have been designed by Poland and equipped by Czechoslovakia. Originally, construction was to have begun in the spring of 1961, 9/ but the latest press and radio reports indicate that only "preparatory work" on the site had been completed by April 1962. 10/ A hint that delays

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in design work were affecting the project is contained in a government resolution that one of the most important tasks of the chemical industry in 1962 was preparation of blueprints for this project so as not to interfere with the building schedule. 11/

Postponement of the rayon plant suggests that the planned beechwood cellulose plant at Swiecie, which is to be a major source of the cellulose required at Brzeznie also will be delayed. [REDACTED]

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[REDACTED] in March 1962 it was announced in the press that Poland would design the plant and that Finland would supply equipment. 13/ The Brzeznie and Swiecie projects were two of the seven large industrial projects scheduled to have been started in 1962. 14/

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